

Third quarter results 2012

22 October 2012

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 **BINCKBANK**
FOR INVESTORS

TRANSCRIPT

Agenda

- I. Update FY12 Q3
- II. Financial position
- III. Outlook 2012
- IV. Q&A

Mr. **Beentjes**: Good morning all. Evert and I are happy to welcome you again. We have a change at the side of BinckBank: Anneke left us and Nelleke is our new Manager Investor Relations. I hope that you will all have a good working relationship with her.

We made a slight change in the usual programme, which means that Evert will now take the part on the P&L and on the cost details. The rest is actually the same.

Agenda

- I. Update FY12 Q3
- II. Financial position
- III. Outlook 2012
- IV. Q&A

We will start with the update on Q3, then the financial position and the outlook and we will conclude with the QandA session.

Part I

Update FY12 Q3

Let me get into the business highlights.

Business highlights

- Adjusted EPS FY12 Q3: € 12.1 million / € 0.17 per share (FY12 Q2: € 12.2 million / € 0.17 per share)
- Operating expenses up with 3% to FY11 Q3: € 29.8 million
- Number of stock exchange transactions FY12 Q3: 1.8 million (4% decline versus FY12 Q2)
- Introduction Binck360 and new commission structure for Binck NL

Not surprisingly, it has been a quiet quarter where the number of transactions was at the level of the second quarter but far below the level of Q3 one year ago but, as I said, Q2 and Q3 of this year were in line. The income was with EUR 0.17 a little bit above consensus. Consensus was at EUR 0.15 and we came in with EUR 0.17. A little bit better, basically caused by two elements. One is that we had slightly higher commission income and the second is that cost control has been a little bit better with somewhat lower cost than in the forecast.

We have two major changes. One is that Nick Bortot is leaving us on 1st January. Nick has been with the company for the last twelve years and has driven the retail business. I will take over from him. Actually, that is effective now. Nick will help me in the last couple of months and then we will go on.

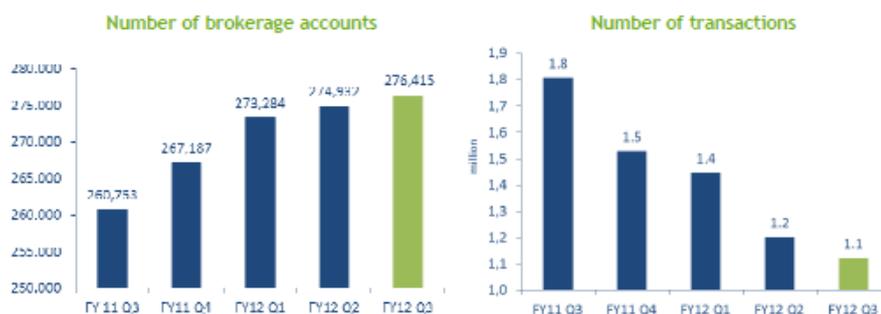
The last thing Nick did was introducing Binck360, our new platform, and the new commission structure. We lowered the prices basically for both segments we are active

in. One is for the ‘heavy’ trader; there we lowered fees substantially. The other is for the more ‘buy-and-hold’-type of investor, where we abandoned the custodian fees. I think that for both groups we now have a very attractive offering from a pricing point of view. The new Binck360 platform will accommodate the more active users. The first comments we get from the people using the platform is that they are really happy with the new features and the new presentation. So, that is good news for Binck and it will help us to strengthen our market leader position in the Dutch market.

Highlights FY12 Q3: Retail business unit NL

In FY12 Q3:

- Number of brokerage accounts **↑** 1% to 276,415
- Number of transactions **↓** 6% to 1.1 million
- Assets under administration at brokerage accounts increased from € 6.0 billion end FY12 Q2 to € 6.2 billion end FY12 Q3



5

The number of accounts in the retail business in the Netherlands is still growing and is still adding up at a good pace. At the end of the day, it is important how many clients are active traders but over time, this has been a fairly constant number of clients.

The number of transactions was somewhat down, from 1.2 million to 1.1 million transactions in Q3. The assets under administration were fairly stable.

If you look at Belgium, France and the Netherlands you will see that in all countries the number of transactions has declined but mostly in the Netherlands, by 37%. In Belgium this is 32% and in France it is 29%. When you analyse this, you should also take into account the number of accounts in the countries. In Holland -- the oldest business -- growth in the number of accounts, percentage-wise is fairly low. Belgium holds the second place and in France we still see growth year-on-year with 20%. So, if you do the math you will see that basically the results in all three countries are more or less the same. That is important to mention, because at first glance you would think that the drop in numbers of transactions is the largest in the Netherlands but if you correct for the number of new accounts in the other countries, you see that the behaviour in all three countries is more or less the same. That is an important statement for us; we know that competition in the Netherlands is eating up somewhat, but as of today we cannot see the results in terms that other parties would take market share. Actually, we are more or less convinced by the numbers we see over all countries that our strong market leader position is there and we are strengthening it.

Highlights FY12 Q3: Retail business unit Belgium

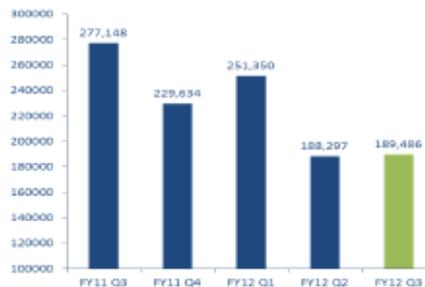
In FY12 Q3:

- Number of brokerage accounts **↑1%** to 57,063
- Number of transactions **↑1%** to 0.2 million
- Assets under administration **↑6%** € 1.4 billion

Number of brokerage accounts



Number of transactions

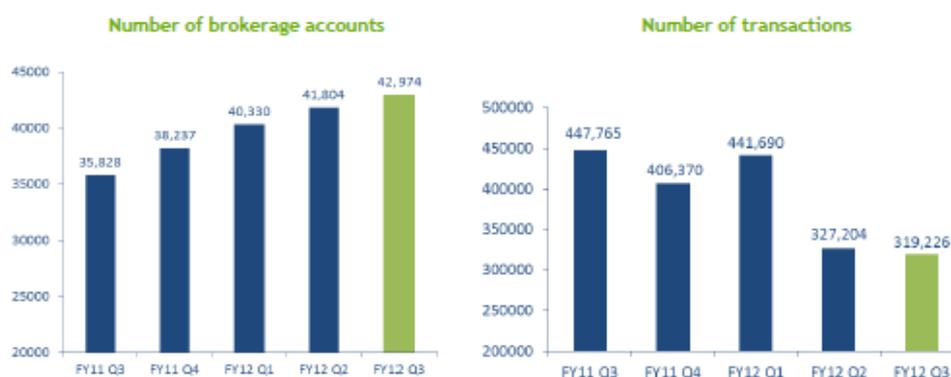


In Belgium, the number of accounts is still going up. Year-on-year it is 15%. The number of transactions has been fairly stable over the last quarters. Assets under administration are a little bit up: 6% to EUR 1.4 billion. Belgium is a resilient market, where we have a good position. We are the market leader. We surpassed Keytrade and we are still in the lead but as a whole, Belgium may not be the most active brokerage society.

Highlights FY12 Q3: Retail business unit France

In FY12 Q3:

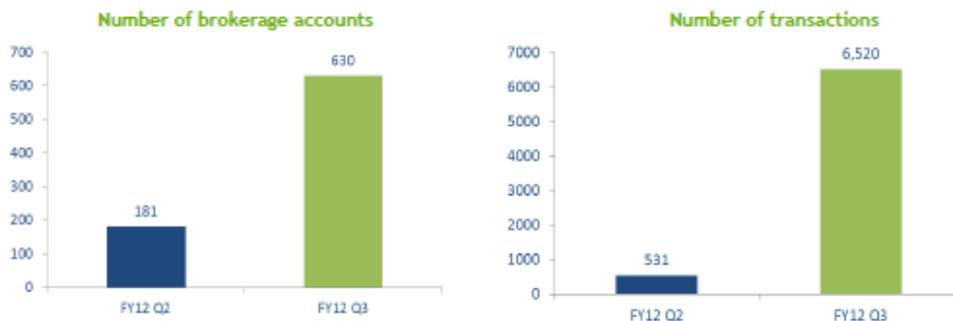
- Number of brokerage accounts **↑3%** to 42,974
- Number of transactions **↓2%** to 319,226
- Assets under administration **↑1%** to € 488 million



In France, the number of accounts is up as well, 20% in comparison with Q3 last year. The number of transactions in Q2 and Q3 remained more or less the same. What is important to mention here is that we do not see much impact of the financial transaction tax, which became effective at August 1. Apparently, clients see enough opportunities to buy derivative products, to buy SRDs and certificates or warrants and are more or less avoiding this tax. Anyway, we have not seen much impact of the financial transaction tax until now. Assets under administration were a little bit up to almost EUR 0.5 billion.

Highlights FY12 Q3: Retail business unit Italy

- Very active clients in Italy: an average of 16 transactions per quarter per account
- Number of accounts: 630
- Number of transactions: 6,520
- Average net fee and com. income per transaction € 5.98
- Average AuA per account 48K (NL 22K / BE 24K / FR 11K)



8

For Italy, it is too early days to say. With 630 clients they came in basically without any advertising. These are people that are known by staff or who may have seen the introduction and have come to us and have started. We see that clients are of good quality; they are trading at a high level. Italy is a very sophisticated country from a brokerage perspective. The platform we have -- Binck360 -- which is top of the bill in the Netherlands is an ordinary platform in Italy. We will have to make more improvements to the Italian platform to head competition but we will benefit from that in the Netherlands as well later on if we develop new features for the Italian market. So, we expect that Italy as well as the Netherlands basically to grow, with our business in Italy emerging. It is still too early to say something about the number of transactions and the number of clients. In Q4 we will start marketing and that is when we have to see the first results.

Highlights FY12 Q3: Retail business unit

Segmentation of transaction-related net fee & commission income by country

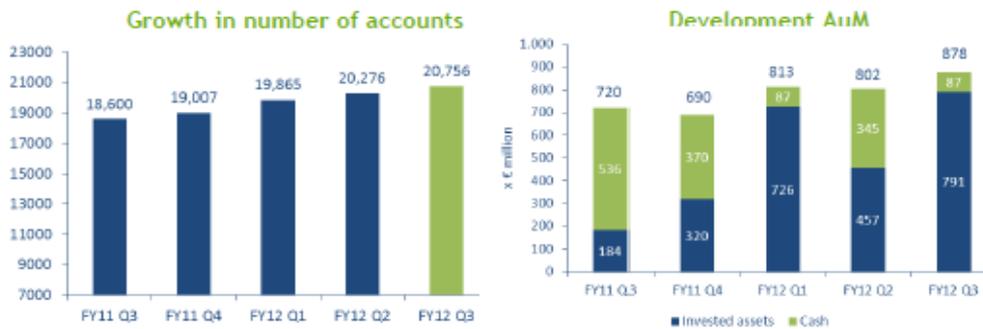
FY12 Q3	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in €1,000)	16,857	13,642	1,570	1,606	39
Number of transactions	1,646,820	1,131,588	189,486	319,226	6,520
Average net fee and com. income (in €)	10.23	12.05	8.29	5.03	5.98
FY12 Q2	Retail total	Netherlands	Belgium	France	Italy
Net fee and commission income (in €1,000)	17,167	13,869	1,553	1,742	3
Number of transactions	1,717,532	1,201,500	188,297	327,204	531
Average net fee and com. income (in €)	10.00	11.54	8.25	5.32	5.65

* Excluding SRD interest component

The average price has gone up a little bit, in the Netherlands from EUR 11.54 to EUR 12. In Belgium and France it remained stable and in Italy, we have priced transactions a little bit higher than in France but not much. However, we expect the average fee income to come down because the new pricing structure started October 1 and we have given you guidance that we expect it to be some EUR 7 million - EUR 8 million net for the year in profit decline, because it is hit in the top line but also the bottom line. Looking at the number of transactions we currently have in the Netherlands -- which was EUR 1.1 for the quarter -- you may expect prices in the Netherlands to come down with approximately EUR 2 before tax. You will see this number of EUR 12.05 come down to approximately EUR 10. Then we will have to see how much price elasticity there is and where people are going to trade a little bit more when prices are lower but as an indication of what we expect to happen in the Netherlands this is what we can give you as a guidance.

Development Alex Asset Management

- Total number of accounts end FY12 Q3: 20,756
- € 33 million net inflow in FY12 Q3
- Total AuM end FY12 Q3: € 878 million

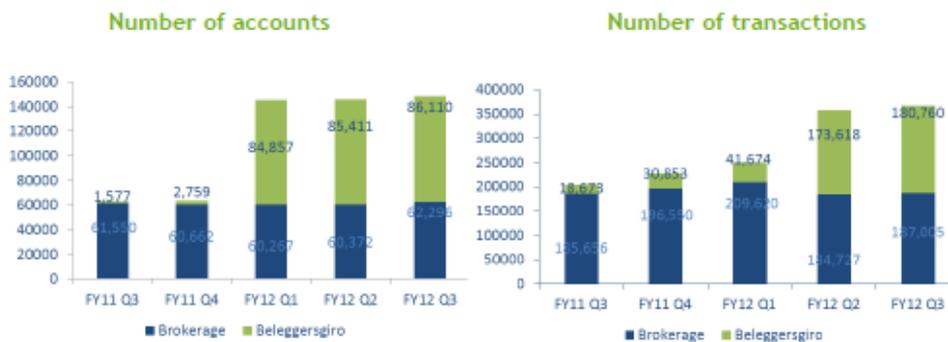


Alex Asset Management is going very strong. We are pleased with the net inflow. It was EUR 33 million for the quarter but EUR 113 million for the year. We also made a good return for the clients. At the beginning of the year, we were at EUR 690 million; so, if you add EUR 113 million of new inflow we are at EUR 800 million if you take the old position plus the net inflow and currently, we are managing EUR 878 million for our clients, which means that we roughly have 10% return over the first nine months. We see a good inflow and of course, at the end of the day in an asset management products, your client satisfaction has a lot to do with the actual return you are realising in the product. That is going very well.

Highlights FY12 Q3: Professional Services

In FY12 Q3:

- Number of accounts ↑ 2% to 148,406
- Number of transactions ↑ 3% to 367,765
- Assets under administration ↑ 11% to € 12.7 billion



Professional Services are going strong and steady. The number of accounts is somewhat up and the number of transactions is somewhat up. Assets under administration went up by 11% to EUR 12.7 billion. They are working on new implementations and still working on the last two stages of the SNS project, of which the implementation will be early next year.

I think there is nothing more to mention right now so, Evert, will you take the financial position?

Part II

Financial position

Mr. **Kooistra**: Let's move to slide 13, the P&L comparison.

Profit & Loss quarterly comparison

in € million	FY12 Q3	FY12 Q2	FY11 Q3
Net interest income	7.8	8.3	9.7
Net fee & commission income	26.5	25.7	32.9
Other operating income	3.0	2.9	3.0
Results on investments & impairment losses on fin. instr.	-	-	1.6
Total net revenues	37.3	36.9	47.1
Employee expenses	(12.0)	(12.6)	(12.3)
Depreciation & amortisation	(8.8)	(8.8)	(8.8)
Other operating expenses	(9.0)	(7.7)	(9.8)
Total operating expenses	(29.8)	(29.1)	(30.9)
Profit (loss) from operations	7.5	7.8	16.3
Other non operating income	(1.1)	(1.2)	(1.2)
Tax expense	(2.0)	(2.1)	(4.2)
Net profit	4.4	4.5	10.9
Net profit to minority shareholders	-	-	(0.1)
Net profit to shareholders BinckBank	4.4	4.5	10.8
Adjusted net profit	12.1	12.2	18.5

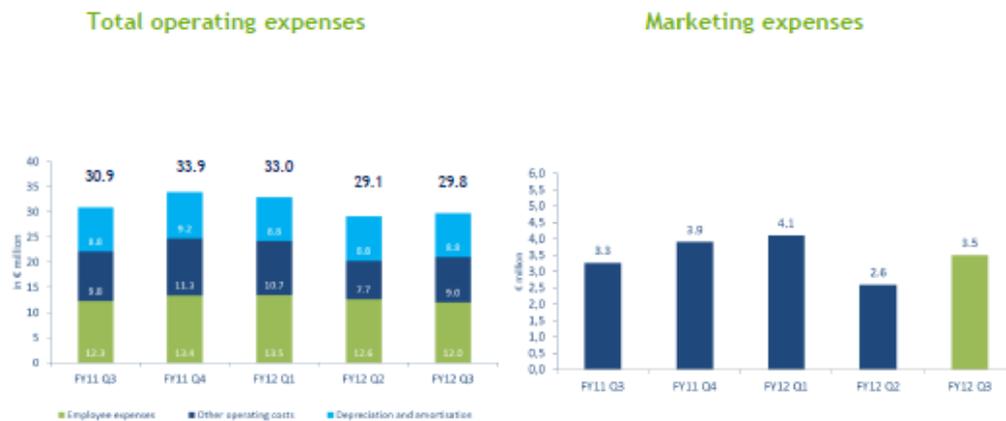
Let's start with the net interest income. Net interest income continued to decline in Q3. Interest income went down from EUR 8.3 million to EUR 7.8 million per quarter, which is a decline of 6%. This decline is not Binck-specific but you will see that most of the European brokers are currently suffering from a low interest rate environment. The ECB also did not help us again. They lowered the interest rates in July with 25 Bps. The yield in the treasury portfolio was 1.29% at the end of Q3, which is a drop of 12 Bps. versus Q2 when it was 1.47%. Towards the end of the year we forecast a yield of 1.22, which is slightly lower than we communicated earlier, which was 1.26. If we assume a reinvestment rate of 50 Bps. the yield in the portfolio will drop towards 82 Bps. by the end of 2013.

We saw a slight increase in commission income of 3% in the third quarter and this was mainly due to higher custody fees as a result of the AEX improvement of 5% during the third quarter. Custody fees have been partly abandoned under the new fee structure for Binck, so these effects will be limited in the future.

Other operating income was relatively stable at EUR 3 million. There is nothing special to report. Opex we will discuss in the next slide and other non-operating income consists of the running losses for Tom and BeFrank and have also been stable this quarter.

Operating expenses stable

- Operating expenses in FY12 Q3 up to € 29.8 million:
 - Marketing costs for FY12 Q3 € 3.5 million (FY12 Q2: € 2.6 million)

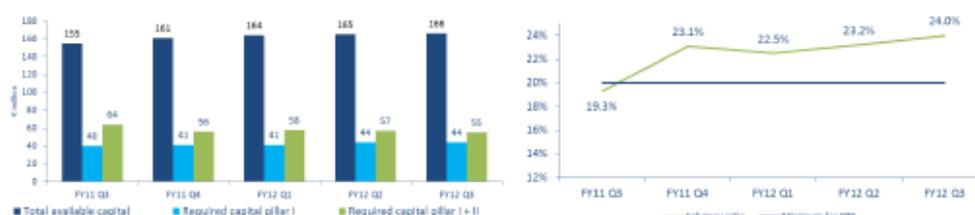


Operating expenses are stable, which reflects our full focus on controlling cost. In the third quarter we saw a slight increase due to extra marketing expenses in the Netherlands. Italy hardly had any impact yet, as it started in September. In Q4 we expect a further increase in marketing cost, due to Italy campaigns that will be started. We expect approximately EUR 4 million in marketing cost.

Q2 and Q3 operating cost are at a lower level than in the previous quarters, as you can see in the graph. This is due to the inclusion of the pro rate VAT. In the second quarter there was EUR 0.9 million in and in the third quarter this was EUR 0.8 million, which was for the years 2011 and 2012 and the second quarter of 2010, so we still have the years 2008 and 2009 open. These are under discussion with the fiscal authorities.

Financial position BinckBank FY12 Q3

- Solid equity position at end FY12 Q3 € 454 million (FY12 Q2: € 464 million)
- Tier I capital grew to € 166 million (FY12 Q2: € 165 million)
- Capital requirements Pillar II declined mainly due lower capital requirement for interest-rate risk, because of duration shortens every quarter
- BIS ratio end FY12 Q3 at 30.2% / solvency ratio 24.0% end of FY12 Q3
- Trigger hit goodwill, impairment test performed with satisfactory result



We had a strong financial position. Solvency increased to 24%, due to slightly lower capital requirements under Pillar II for interest rate risks. The interest rate risk decreases due to the shorter duration of the treasury portfolio.

IFRS equity came down from EUR 464 million to EUR 454 million due to the payment of interim dividend in August of this year. Furthermore, you will see there was hardly any core Tier 1 equity growth. This was due to the share buyback program and lower profit levels. Tier 1 growth for depreciation of the intangibles was fully used for the share buyback and reservations for dividend payments.

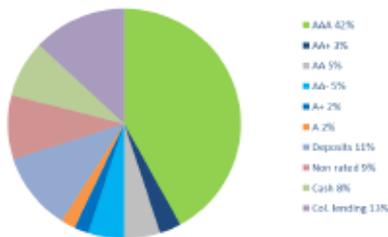
The lower profit levels that you have seen in the last couple of quarters may have an impact on the valuation of the Alex goodwill and intangibles, as cash flows from the cash generating unit Retail Netherlands decreased. During the third quarter we had one of the triggers for the goodwill valuation and this trigger was the Binck share price. Our share price came down in the third quarter and consequently, we had to perform an impairment test on the Alex goodwill and intangibles. The outcome of the test was that

at this moment there is no impairment necessary. But having said that, the net present value of the future cash flows is coming closer to the book value, so cushions are diminishing and we will continue to monitor the value of the intangibles and the goodwill in the coming quarters.

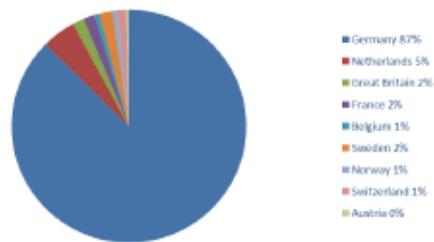
Overview investment portfolio

- Size of investment portfolio end of FY12 Q3 € 1.6 billion (FY12 Q2: € 1.8 billion)
- Average duration of the portfolio: 0.76 (FY12 Q2: 0.87)
- Yield on investment portfolio end FY12 Q3: 1.29% (FY12 Q2: 1.47%)

Allocation funds entrusted per rating



Allocation funds entrusted per country



No new investments were done in the treasury book. Alex Asset Management started to invest again, so the cash levels came down. On the other hand, we had difficulties finding suitable investment opportunities within the mandate for the cash that was freed up from bonds that were matured. We had EUR 143 million of bonds out of the portfolio that were paid back to us. Currently, it is difficult to find suitable investment opportunities. So, we ended the quarter with a relatively high cash position.

I will now hand over to Koen Beentjes for part 3 of the presentation.

Part III

Outlook 2012

Mr. **Beentjes**: Thank you, Evert. This is a relatively short paragraph.

Outlook

- Binck focuses on further expanding market leadership in the Netherlands and Belgium
- Start growing market share in Italy by the introduction of Binck Scalper
- Increased focus on Alex Asset Management

With Binck360, our new platform, and with the new fees we are going to strengthen our market leadership in the Netherlands. That is paramount and that is where we are going to pay a lot of attention to in the coming time. We are also going to strengthen our position in Belgium. We are the number 1 and we are going to stress that we are the best party for online brokerage in the Belgian market.

In Italy, we are introducing Binck Scalper. Binck Scalper is what in the Netherlands we would call Binck360. It has another name in Italy but it is the same.

As you have seen Alex Asset Management is going very well and we want to take advantage of that. We will have an increased focus on the asset management suite of products we are building because that will help us in the future to stabilise the income streams and be a little bit less dependent on the income out of the brokerage, which is in essence a volatile income because it is highly dependent on market movements.

That is what we are looking at currently. Let's open up for the QandA session.

Part IV

Q&A

- **Cor Kluis - Rabobank**

Good morning. I have a few questions, first of all on Alex Asset Management. If the market would not change this year, can we expect a performance fee based on the better stock markets? Not many people have that in their models but maybe it might be visible in Q4. You mentioned that you want to expand Alex Management. Could you elaborate a little bit on that? Do you want to launch new funds? What should we think about?

My second question is about the bond portfolio that you invest in financial stocks. At the end of Q2 this was EUR 200 million. Have you expanded that or is it still the same? What is your view on that, going forward?

My third question is about the EUR 7 million - EUR 8 million after tax effect from the new fee structure from Binck. In your presentation you linked that to the transaction-based fees, but which part of that is transaction-based and which part is non-transaction-based?

My last question is on Professional Services, which had a great quarter. Were there any one-offs in that revenue base over there?

Mr. **Beentjes**: I will take your questions on asset management, the bond portfolio and Professional Services.

Let me start with the Alex Asset Management performance fee. This performance fee is calculated at the last day of the year. In that sense, it is too early to give you an estimate but if it stays like it is there will be a performance fee this year. But we cannot give you guidance at this moment how much it will be. At the current level of the stock market there is a performance fee to calculate. We really want to make this product much more robust in our portfolio. We are thinking about first adding a financial planning tool to it and secondly, we want to expand the number of instruments in which the wealth management product can invest. There, you have to think about bonds for the short

term, ETF bonds, which are going to replace cash. Currently, when the product goes cash, we are putting that on the savings account, which costs us money. We want to replace that by bonds, hopefully before the end of this year. First, this means that the number of products in which we can invest is broader and secondly, we are avoiding the negative impact we currently have if we put money on the savings account. There is another thing we are looking at. Now, we are only investing in euro-denominated European stocks and we are looking at expanding that and see if we can add other stocks to the horizon of the product. So, three things: financial planning, bond ETFs and broadening the horizon of stocks we can invest.

At Professional Services there were no one-offs. Am I right, Evert?

Mr. **Kooistra**: No, there were no one-offs. Professional Services revenue increased. There were somewhat higher transaction fees, so volume and that is growth of the business. They also had a little bit higher custody fees, as we saw in the Retail division as well, because the AEX went up in the third quarter. We had Deutsche Bank installed, one of the BPOs and that added to the growth of the business.

It is difficult to say which part of the EUR 7 million - EUR 8 million will end up in transaction fees or in the non-transaction part because it depends on the choice that people make for Binck Active or the Bincktrader part. One of the effects is that the custody fee will disappear for the buy and hold investor, so that would end up in the non-transaction part but service fees for active traders will be recorded in there. So, maybe it is two-thirds in the transactions and one-third in the non-transaction part if we have to do a rough estimate but that is nothing more than an estimate.

Mr. **Kluis**: So, the impact you mentioned on slide 9 from EUR 12 to EUR 10 can be less because a part will be allocated to the non-transaction part?

Mr. **Beentjes**: Cor, that was a very rough calculation!

Mr. **Kluis**: Okay, very good.

Mr. **Kooistra**: Your last question was on the bond portfolio. We had no new investments done in the third quarter, so we had a very high cash position. Part of the cash that was freed up was used for Alex Asset Management again, because Alex Asset Management started to invest. On the other hand, there were not many opportunities for investing; at the moment we are struggling a bit with the risk reward. As I said, the German Pfandbriefe have a yield of 50 Bps. If you keep the money in cash at commercial banks we maybe get 5-10 Bps. If you put it at the EDB you get zero. So, that does not feel good. But investing at a three years' range for 50 Bps does not feel good either, so we are a bit reluctant at the moment. We are continuously reviewing opportunities within the treasury mandate but there are not many at the moment, so we are 'liquid' at the moment. We hope that market circumstances will improve.

Mr. **Kluis**: Thank you.

- **Jan-Willem Weidema - ABNAMRO**

Good morning, I have a few questions. I saw that the number of employees dropped 3.5% quarter on quarter and for the first time in a long time we see a year on year decline. What caused this? Is this a structural trend or should we expect this to reverse in Q4 or next year?

Secondly, could you comment on the number of transactions you have seen so far in October?

Thirdly, your investment yield is now below your savings rate or will be next year. What will you do? Will you lower your savings rate or might you also take more risk for instance in investing in RMBS or getting other exposure to Dutch mortgages?

Mr. **Beentjes**: As regards your question on employees: we have been very careful this year. If people were leaving we have looked at whether to replace them or not. The headwinds in the industry are also hitting us, so we have been very careful at replacing

people and that is what you see in the 3.5%. Is it here to say? We will remain very cautious on the number of staff but we will certainly not exclude that we will make some addition [sound distorted] in the wealth management part, which I just explained. We are really having plans there to intensify that business. So, we may need some staff to do that but we will be very cautious on the number of employees in total.

The number of transactions in October: You certainly read the article this morning in Het Financieele Dagblad, that the number of transactions in October is hitting an all time low. We can confirm that. It is very quiet at the moment.

The investment rate below the savings rate? In general, we have the policy that we do not want to pay more on the savings account than we get on the investments. That is the way around. So, we are not going to be more aggressive now in investing. It would be more in line with what we have done in the past two or three years, by reducing the rates somewhat. But the decision has not yet been taken.

- **Albert Ploegh - ING**

I have a few questions. First of all, coming back to the departure of Nick, why has he not been replaced? I understood that you are going to take over his duties.

My second question is on the net interest outlook. At the presentation of the Q2 results you showed some details on the revised investment policy. I understood from the call that basically given the risk reward trade-off decision not much has been invested according to the new policy. Can you give a bit of light on the amounts of money that have been reinvested? At what yield has this been done and should we expect any re-risking in the fourth quarter?

Also, looking at Q4, it seems that also the collateralised lending balance is going on an upward slope, which would be positive. Also, the Alex savings balance has come down. So, even if you would invest really cautiously, do you expect the absolute level of net interest income still to remain at the same level as in the third quarter?

Mr. **Beentjes**: Let me start with the departure of Nick. The reason not to replace Nick is twofold or maybe even threefold. One reason is that I absolutely liked to take the responsibility for the retail brokerage. In 1998 I was one of the first people in this industry when I built this within ING-DiBa, also heading the business side of the online brokerage. It is something I really loved to do. That is one reason when I am taking control and responsibility here. Online brokerage is the most important business within Binck, so it is also leadership. We are telling all people to be cautious on staff cost but that is also valid for the Executive Board. So, we are going to do with three what we did in the past with four. What is also very important is that Binck used to be a start-up company but is now completely under control, so we want to put a little bit more pressure on the business side, on the front side, since the whole situation is completely under control. These were the reasons for me to move more to the business side.

Mr. **Kooistra**: We have not done any reinvestments in the third quarter. There was EUR 143 million in cash that came out of bonds that matured. On the other hand, we had Alex Asset Management that started investing again, so that took some cash out of the balance sheet. But we ended the quarter with a relatively high cash position. Going forward, the yield on the portfolio continues to decline, so we expect a further drop in income in the fourth quarter. The only unknown is collateralised lending. The trend was positive at the end of the third quarter but that really depends on how the indices develop. If the AEX goes up, collateralised lending goes up as well. So, if the trend continues there will be some mitigating effect in the decline from collateralised lending but that is difficult to foresee.

Mr. **Weidema**: Maybe two additional questions. One is on Binck360, the new feature. I know it is very early days and it is hard to give any predictions for sure, but what has been the first reaction and the response from clients you have seen so far?

On the EUR 7 million - EUR 8 million, the retail number of transactions, which is now offering around EUR 1.1 million, have you assumed that level to be somewhat

sustainable or do you anticipate some increase that could have been offset for the low fee structure?

My last question is on the testing of the goodwill on Alex. What if there would be an impairment? What would be the impact on the tax benefits you currently enjoy with the adjusted earnings? Would there be any negative impact or is that also early days to share with us?

Mr. **Beentjes**: The Binck360 and the new fee structure: yes, I am afraid it is too early to really say something about it but the reactions we get from clients are very positive. To be honest, we have not seen that back i more transactions in October. That is what you want to see at the end of the day that there is some price elasticity in lowering your fees. But it is too early to say, but it has been very well received by the clients.

As regards the EUR 7 million - EUR 8 million: that is a good question. We used all the numbers, so it is calculated on an average over the last year and then, the average number of transactions was somewhat higher than in Q3. We do not think that the Q3 number is to be seen as a sustainable number but we do not know. The trend is downwards but it could go up again. It could go down, too. It is something we really do not know.

Mr. **Kooistra**: With respect to the Alex goodwill and the intangibles: if you impair those it will have an effect on your IFRS equity, because you make a loss. It does not have an effect on solvency in the core Tier 1 capital, because it is already written off [sound distorted] purposes. Core Tier 1 will even grow a little bit because now we deduct growth and if you write it off you will take up a tax benefit and the size of a tax benefit depends on how big the impairment is, because part of the goodwill is already [sound distorted] fiscal wise. But these are roughly the mechanics around such a thing. So, in the commercial books it will create a big loss but not in the banking books.

- **Lamar Salah - SNS Securities**

There are two questions left from my side. What do you think of the new BPOs, which are expected to be granted in the upcoming fourth quarter? Do you think that you will achieve your two BPO contracts on an annual basis?

Secondly, on Binck Scalper in Italy: you mentioned that the platform is not top of the bill. Can you elaborate what kind of clients you have locked up so far?

Mr. **Beentjes**: On the new BPOs in Professional Services: no, we are currently talking -- as usual -- to a lot of parties but most probably we will not conclude two new contracts this year. We hope that we will close one. So, that is below target because the target is two each year.

On Binck360 I do not exactly know what the profile of the clients is until now.

- **Matthias de Wit - Petercam**

There is one question left from my side. On the capitalisation, your solvency increased to 24%. There will also be a release in Basel 3. I wonder whether at this level you see any room to increase shareholder returns either by raising the dividend or accelerating buybacks.

Mr. **Kooistra**: For the time being, we have no plans to accelerate the buyback, so we will keep it at EUR 1.5 million per month. The programme runs till June next year.

Mr. **de Wit**: Thank you.

[sound distorted]

- **Jan-Willem Weidema - ABNAMRO**

I was kicked out of the call, so I was not responsive to your previous answers and I am sorry for that. I have two questions left. The BPO contract that kicked in in Q3: does that

client pay fee once a year or is that a milestone fee and can we assume that the [...] will continue in Q4?

Secondly, the NPV calculation for goodwill: to what extent was it triggered by low interest rates? So, if you would do the calculation again next year you will probably think further? To what extent was that impacted by lower rates in the Netherlands?

Mr. **Beentjes**: Jan-Willem, I am sorry I do not understand the first question. We did not have a new BPO in Q3. Or do you mean the beleggersgirotransacties, where we had the next stage of SNS in?

Mr. **Weidema**: I thought Evert mentioned a new contract with Deutsche Bank, which caused the quarter on quarter improvement in results in Professional Services.

Mr. **Kooistra**: But the fees for the BPO are built on a monthly basis, so as the BPO goes live we will start billing. So, there is not a big one-off fee in there.

With regard to the NPV calculations: I do not have all the details here but the cost of risk and the discount rate are adjusted to the market circumstances. So, it really consists of a risk-free rate and a sector premium, an industry premium and a Binck-specific premium. That is how the discount rate is calculated.

Mr. **Weidema**: I meant the yield you make in your investment portfolio. So, what made the NPV drop? Is that mostly commission income? What was the investment yield?

Mr. **Kooistra**: Intangibles that we bought or identified on the acquisition, customer relations that are valued, the customer deposits and the brand name. The brand name is fully written off at the end of the year but the customer trading volumes and the amount of money that came along with the acquisition are what drive the cashflows.

Mr. **Beentjes**: As there are no more questions, thank you very much for attending the call. We hope to see you next time.

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End of call

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